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/ 1995-1996

104TH CONGRESS
2d Session
HOUSE OF REPRESENTATIVES
REPORT
104–751

MEDICAID HEALTH INSURING ORGANIZATION CORRECTION

AUGUST 2, 1996.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

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Mr. BLILEY, from the Committee on Commerce, submitted the following

REPORT

[To accompany H.R. 3056]

[Including cost estimate of the Congressional Budget Office]

The Committee on Commerce, to whom was referred the bill (H.R. 3056) to permit a county-operated health insuring organization to qualify as an organization exempt from certain requirements otherwise applicable to health insuring organizations under the Medicaid program notwithstanding that the organization enrolls Medicaid beneficiaries residing in another county, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

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29–006

Purpose and Summary

This measure amends section 9517(c)(3)(B)(ii) of the Consolidated Omnibus Budget Reconciliation Act of 1985, as added by section 4734 of Omnibus Budget Reconciliation Act of 1990, to allow a health insuring organization to serve Medicaid beneficiaries residing in one or more counties. Existing statutory language concerning county organized health systems has been interpreted by the Health Care Financing Administration as limiting the number of counties in a State that may be served by such plans, rather than the number of plans that may operate within the State. The consequence of this interpretation is the limitation of the coverage provided by a health insuring organization solely to the county in which it operates. The bill clarifies that the existing statutory language does not limit the number of counties in which a health insuring organization may operate by defining an eligible health insuring organization as one that enrolls Medicaid beneficiaries residing in the county or counties in which it operates.

Background and Need for Legislation

In order to participate in State Medicaid programs, health maintenance organizations must meet a number of statutory and regulatory requirements. Among these is a provision of the Consolidated Omnibus Budget Reconciliation Act of 1985 which established that a health insuring organization serving Medicaid recipients must be subject to the same requirements as a health maintenance organization. The Omnibus Budget Reconciliation Act of 1990 included a provision that exempted the State of California from the requirements that are otherwise applicable to a Medicaid risk contract. The provision specifically exempted health insuring organizations operating in California and required that each such organization be operated directly by a public entity established by a county government of the State.

An additional requirement to which an exempted health insuring organization is subject is that it must enroll the Medicaid beneficiaries residing in the county in which it operates. This provision has been interpreted by the Health Care Financing Administration as limiting the number of counties in a State that may be served by such plans, rather than the number of plans that may operate within the State. The consequence of this interpretation is the limitation of the coverage provided by a health insuring organization solely to the county in which it operates. As a result, States are currently unable to permit eligible health insuring organizations from serving Medicaid beneficiaries in counties other than those in which their operations are based, notwithstanding the quality of coverage or financial savings that may result.

Hearings

The Committee on Commerce has not held hearings on this legislation.

Committee Consideration

On July 24, 1996, the Committee on Commerce met in open markup session and ordered H.R. 3056, a bill to permit a county-operated health insuring organization to qualify as an organization exempt from certain requirements otherwise applicable to health insuring organizations under the Medicaid program notwithstanding that the organization enrolls Medicaid beneficiaries residing in another county, reported to the House, without amendment, by a voice vote.

Rollcall Votes

Clause 2(l)(2)(B) of rule XI of the Rules of the House requires the Committee to list the recorded votes on the motion to report legislation and amendments thereto. There were no recorded votes taken in connection with ordering H.R. 3056 reported. A motion by Mr. Bliley to order H.R. 3056 reported to the House, without amendment, was agreed to by a voice vote, a quorum being present.

Committee Oversight Findings

Pursuant to clause 2(l)(3)(A) of rule XI of the Rules of the House of Representatives, the Committee has not held oversight or legislative hearings on this legislation.

Committee on Government Reform and Oversight

Pursuant to clause 2(l)(3)(D) of rule XI of the Rules of the House of Representatives, no oversight findings have been submitted to the Committee by the Committee on Government Reform and Oversight.

New Budget Authority and Tax Expenditures

In compliance with clause 2(l)(3)(B) of rule XI of the Rules of the House of Representatives, the Committee states that H.R. 3056 would result in no new or increased budget authority or tax expenditures or revenues.

Committee Cost Estimate

The Committee adopts as its own the cost estimate prepared by the Director of the Congressional Budget Office pursuant to section 403 of the Congressional Budget Act of 1974.

Congressional Budget Office Estimate

Pursuant to clause 2(l)(3)(C) of rule XI of the Rules of the House of Representatives, the following is the cost estimate provided by the Congressional Budget Office pursuant to section 403 of the Congressional Budget Act of 1974:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, August 2, 1996.

Hon. THOMAS J. BLILEY, Jr.,
Chairman, Committee on Commerce,
House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 3056, as ordered reported on July 24, 1996.

The bill would affect direct spending and thus would be subject to pay-as-you-go procedures under Section 252 of the Balanced Budget Amendment and Emergency Deficit Control Act of 1985.

If you wish further details on this estimate, we will be pleased to provide them.

Sincerely,

JUNE E. O'NEILL, *Director.*

Enclosure.

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

1. Bill number: H.R. 3056.

2. Bill title: None.

3. Bill status: As ordered reported by the House Committee on Commerce on July 24, 1996.

4. Bill purpose: H.R. 3056 would ensure that certain health insuring organizations (HIOs) operating in the State of California maintain waivers of the 75 percent enrollment composition rule and of certain organizational requirements as described in sec. 9517 of P.L. 99–272 (the Consolidated Omnibus Budget Reconciliation Act of 1986), even if they serve Medicaid beneficiaries in more than one county.

5. Estimated cost to the Federal Government: CBO estimates that enactment of H.R. 3056 would reduce federal spending for Medicaid by less than $500,000 annually. The savings from this bill fall within budget function 550.

6. Basis of estimate: The estimate assumes that without the enrollment waiver for the Solano Partnership Health Plan (the Solano County HIO), about 12,000 additional Medicaid beneficiaries in Napa County would receive services paid on a fee-for-service basis at a per person cost of about 2 percent more than the per capita payments in the HIO.

7. Pay-as-you-go considerations: The Balanced Budget and Emergency Deficit Control Act of 1985 sets up pay-as-you-go procedures for legislation affecting direct spending or receipts through 1998. These procedures would apply to H.R. 3056 because the bill would affect direct spending. The estimated change in direct spending, however, is not significant.

8. Estimated impact on State, local, and tribal governments: This bill contains no intergovernmental mandates as defined in the Unfunded Mandates Reform Act of 1995 (Public Law 104–4) and would impose no costs on state, local, or tribal governments. Because the state of California pays 50 percent of the Medicaid costs, the state would accrue 50 percent of the savings that would result

from this bill, a savings that would total less than $500,000 annually.

9. Estimated impact on the private sector: H.R. 3056 contains no private sector mandates as defined in P.L. 104–4. The bill affects up to three county-operated HIOs in California, exempting them from certain Medicaid requirements otherwise applicable to HIOs, even if they serve Medicaid beneficiaries in more than one county.

10. Previous CBO estimate: None.

11. Estimated prepared by: Federal cost estimate: Jean Hearne. State and local cost estimate: John Patterson. Private sector mandate estimate: Linda Bilheimer.

12. Estimate approved by: Paul N. Van de Water, Assistant Director for Budget Analysis.

Inflationary Impact Statement

Pursuant to clause 2(l)(4) of rule XI of the Rules of the House of Representatives, the Committee finds that H.R. 3056 would have no inflationary impact.

Advisory Committee Statement

No advisory committees within the meaning of section 5(b) of the Federal Advisory Committee Act were created by this legislation.

Section-by-Section Analysis of the Legislation

Section 1. Permitting County-Operated Health Insuring Organizations to Enroll Medicaid Beneficiaries Residing in Another County under Medicaid Waiver for Certain County-Operated Health Insuring Organizations.

(a) *In General.*—This section amends Section 9517(c)(3)(B)(ii) of the Consolidated Omnibus Budget Reconciliation Act of 1985 (42 U.S.C. 1396b note), as added by section 4734 of Omnibus Budget Reconciliation Act of 1990, by inserting "or counties" after "county'.

(b) *Effective Date.*—The effective date of this change is for quarters beginning on or after October 1, 1996.

Changes in Existing Law Made by the Bill, as Reported

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (new matter is printed in italic, existing law in which no change is proposed is shown in roman):

SECTION 9517 OF THE CONSOLIDATED OMNIBUS BUDGET RECONCILIATION ACT OF 1985

SEC. 9517. MODIFYING APPLICATION OF MEDICAID HMO PROVISIONS FOR CERTAIN HEALTH CENTERS.

(a) * * *

* * * * * * *

(c) Health Insuring Organizations.—(1) * * *

* * * * * * *

(3)(A) * * *

(B) A health insuring organization described in this subparagraph is one that—

(i) is operated directly by a public entity established by a county government in the State of California under a State enabling statute;

(ii) enrolls all medicaid beneficiaries residing in the county *or counties* in which it operates;

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